

**A PORTION OF 350 MAIN STREET
MIDDLETOWN, CONNECTICUT**

CLIENT:

Mr. William Warner
Director of Planning, Conservation & Development
City of Middletown
245 deKoven Drive
Middletown, Connecticut 06457-1300

DATE OF VALUATION:

May 9, 2005

DATE OF REPORT:

May 12, 2005

PREPARED BY:

Italia & Lemp, Inc.
Six Central Row, 3rd Floor
Hartford, Connecticut 06103-2701

ITALIA LEMP^{INC.}

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May 12, 2005

Mr. William Warner
Director of Planning, Conservation & Development
City of Middletown
245 deKoven Drive
Middletown, CT 06457-1300

RE: A portion of 350 Main Street, Middletown, Connecticut

Dear Mr. Warner:

At your request, the above-referenced property has been examined for the purpose of estimating the market value of the property. This written appraisal product represents a Complete Appraisal communicated in a Self-Contained Appraisal Report. This report is being prepared to facilitate collateral evaluation of the subject property by the City of Middletown.

The property being appraised consists of a portion of a 0.375 acre site, improved with a one to two story building. The building was constructed circa 1900 and contains an estimated gross building area of 12,930 square feet. The building formerly housed the Capitol Theater and is currently used as a package store at the Main Street frontage with the second floor and rear of the building currently vacant.

The city has declared the rear theater section (7,854 square feet) and the front marquee of the property to be a blighted structure which requires immediate remedy. The appraiser noted tree growth on the roof of the rear of the building. The appraiser estimates that after demolition, there is about 10,500 square feet or 0.24 acre of excess land area. Only the excess land area is valued within this report. This appraisal report is based on the hypothetical assumption that this land area is available for sale as a separate lot and is provided street access. This appraisal is based on an exterior inspection of the property. The appraiser has assumed that the Assessor's information pertaining to the property is correct.

The accompanying report describes the approaches to valuation and the conclusions derived by the application of the approaches. The value opinion reported is qualified by the Assumptions and Limiting Conditions, Certifications, and Definitions, which are included in the report. A thorough review of this appraisal report should be made to fully understand the criteria and basis for the final value estimate.

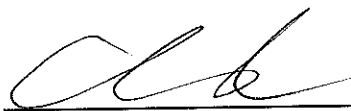
Based upon an investigation and analysis of the information gathered with respect to this assignment, reflecting market conditions as of May 9, 2005, the subject property is estimated to have a market value of:

TWENTY FIVE THOUSAND DOLLARS
\$25,000

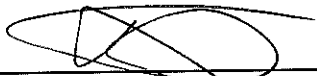
This letter must remain attached to the report in order for the value opinion set forth to be considered valid.

Respectfully submitted,

Italia and Lemp, Inc.



By: Christopher A. Italia, MAI
Certified General Real Estate Appraiser License Number RCG.303



By: Randall P. Mulligan
Certified General Real Estate Appraiser License Number RCG.1040

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EXECUTIVE SUMMARY

Property Type	Excess acreage
Location	A portion of 350 Main Street, Middletown, Connecticut
Owner of Record	Joseph F. Salvatore
Date of Value Estimate	May 9, 2005
Date of Report	May 12, 2005
Property Rights Appraised	Fee simple estate
Purpose of Appraisal	To estimate market value
Use/User of Report	Collateral evaluation/City of Middletown
Land Area	0.24 acre of 10,500 square feet
Zone	B-1, Central Business Zone
Gross Building Area	7,854 square feet (rear blighted structure)
Highest and Best Use	
As Though Vacant	Commercial development
As Improved	Demolition of the blighted structure and commercial development
Estimated Marketing Time	Market value conclusions recognize the characteristics of the subject real estate and consider the current economic environment and its effect on real property. A marketing period of six months to one year is considered reasonable in which to induce the sale of the subject property at the value estimated within this report.

VALUES INDICATED

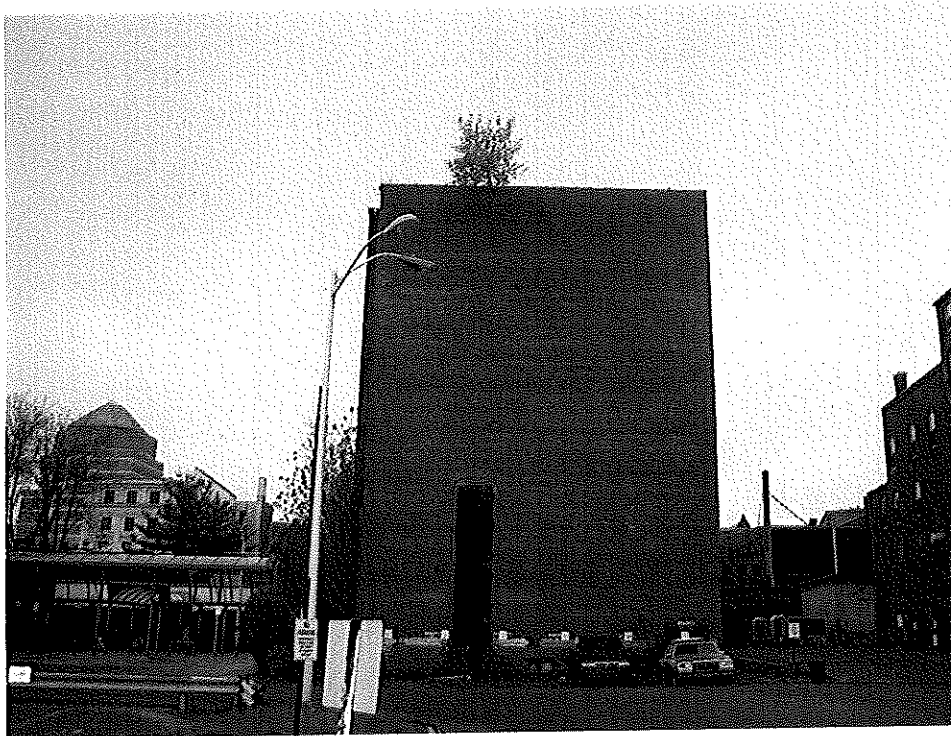
Cost Approach.....	Not applicable
Sales Comparison Approach (After demolition).....	\$25,000
Income Capitalization Approach	Not applicable

FINAL ESTIMATE OF VALUE..... \$25,000

PHOTOGRAPHS OF THE SUBJECT PROPERTY

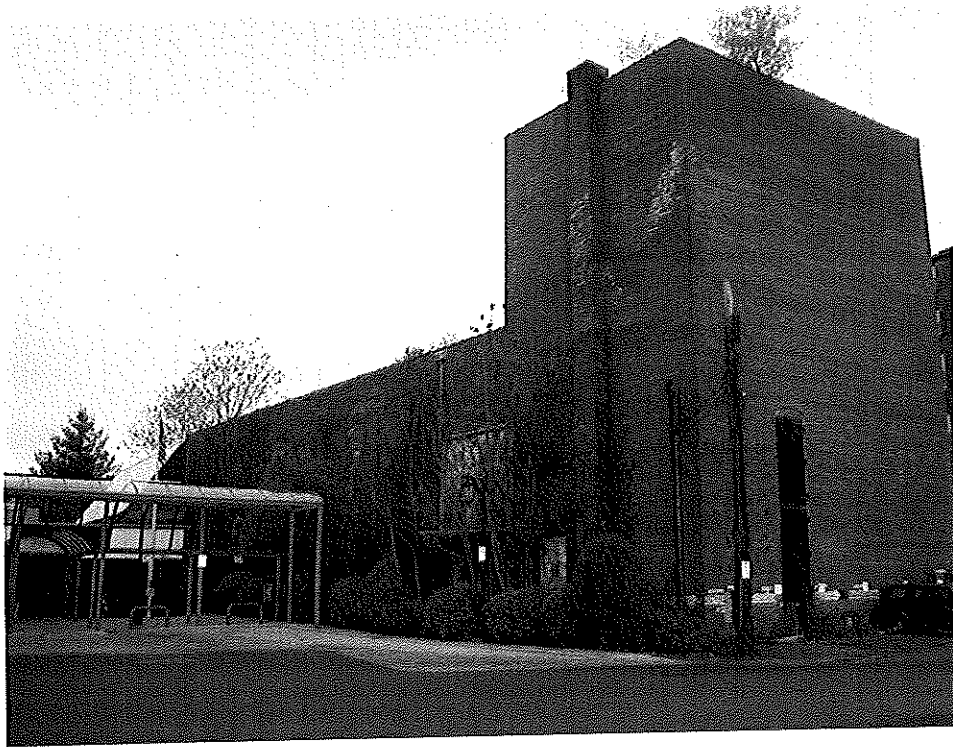


Northeasterly view of the subject improvements
from the Middletown Authority of Transit property

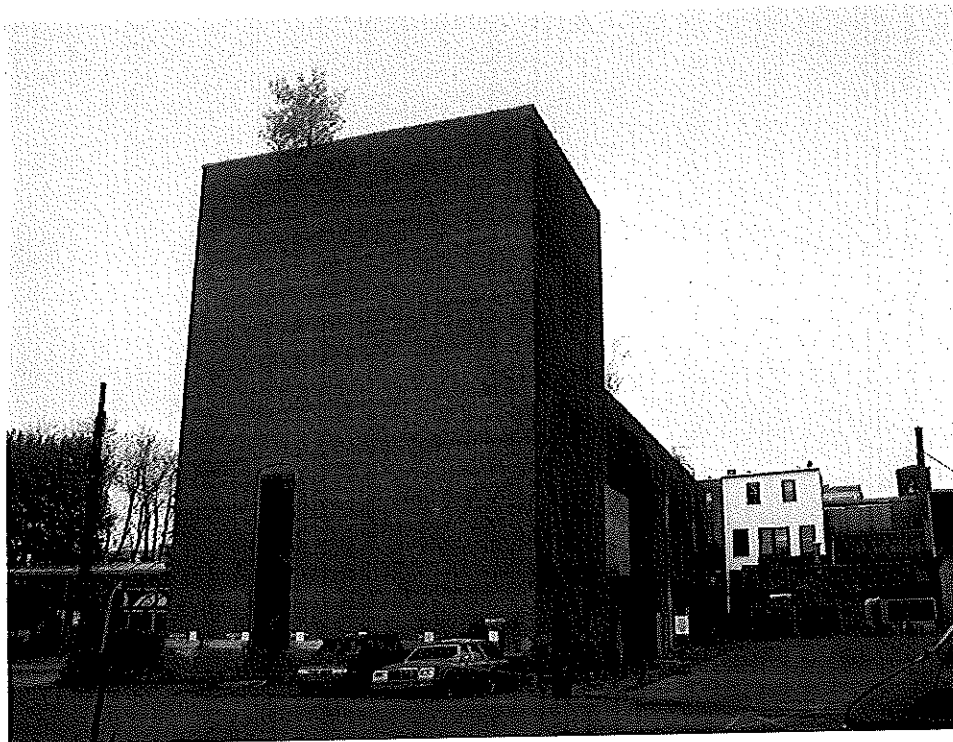


Westerly view of the rear theater portion of the building

PHOTOGRAPHS OF THE SUBJECT PROPERTY

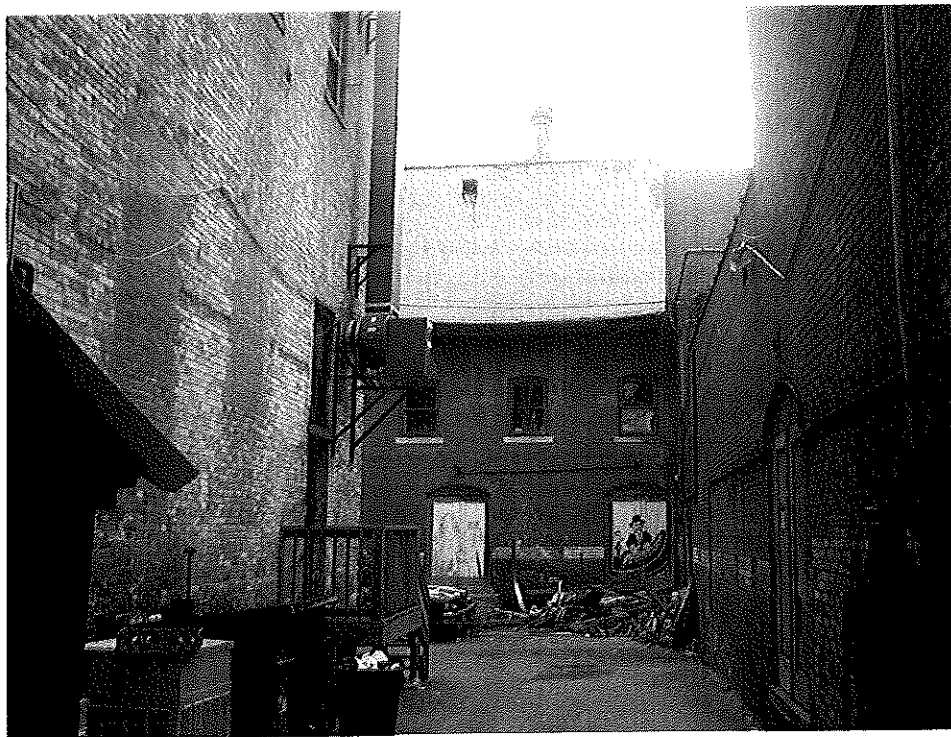


Northwesterly view of the rear theater portion of the building



Southeasterly view of the rear theater portion of the building

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Easterly view of the alley from Main Street



Southerly view of the City of Middletown property
and a portion of the rear theater building

IDENTIFICATION OF THE PROPERTY BEING APPRAISED

Location	A portion of 350 Main Street, Middletown, Connecticut
Owner of Record	Joseph F. Salvatore
Property Type	Excess land
Tax Assessor Reference	A portion of Map 22, block 17-52, lot 10; Assessor card contained in Exhibit B

SALES HISTORY/LEGAL DESCRIPTION

The subject property was conveyed on January 17, 1992, from Nicholas A. Saraceno to Joseph F. Salvatore. This executrix's deed is recorded in Volume 969, commencing on page 504 of the City of Middletown land records. Mr. Trevor Davis, of Trevor Davis Commercial Real Estate, indicated there are discussions with the property owner to renovate the blighted structure, demolish the structure, or potentially list the property on the market. The building on the excess acreage is at the end of its economic life, is reported to be a fire hazard, and the City of Middletown has issued a violation of blighted structure for the front marquee and the rear building. This portion of land is estimated to contain about 10,500 square feet and contains about 7,854 square feet of the total building area. Previous discussions with the property owner, dated January 15, 2004, indicated the estimated cost to demolish the rear building at \$75,000. Mr. Trevor Davis reported the costs have since increased. A photocopy of the legal description is included within the Addenda as Exhibit A.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate market value.

INTENDED USE / USER OF THE REPORT

This report is to be used by City of Middletown for collateral evaluation.

DATE OF VALUE ESTIMATE

The effective date of this valuation is May 9, 2005, the date of the most recent physical inspection of the property.

COMPETENCY RULE

The appraiser has the knowledge and experience necessary to complete this appraisal assignment competently. The Qualifications section of this report outlines the educational and professional background and licensing/certification status of the appraiser.

PROPERTY RIGHTS APPRAISED

The property interest being appraised is the fee simple estate.

SCOPE OF WORK

As part of preparing this appraisal report, the appraiser has made a number of independent investigations and analyses. The following summarizes the basic outline of activities undertaken in this process:

- To develop the opinion of value, the appraiser performed a complete appraisal process, as defined by the Uniform Standards of Professional Appraisal Practice (USPAP). This means that no departures from Standard 1 were invoked. This is a Self-Contained Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP.
- An exterior inspection of the property was conducted on May 9, 2005.
- The subject market area was reviewed to analyze regional and neighborhood trends and their effect on the value of the subject property. Various data sources, including demographic statistics compiled by various state agencies, zoning files, available site and building information, the land records of all comparable sales, and other sources of public information were reviewed and used as a guide in estimating property value.
- Sales of similar parcels have been researched and reviewed. These sales are used in estimating the value of the site.
- Adequate market information was available to develop the Sales Comparison Approach. The Cost Approach and Income Capitalization approaches were not developed within this report.
- In deriving a final indication of market value as of the date of this appraisal, the data collected in developing the applicable approaches were reviewed for accuracy and reasonableness. Greater emphasis is placed upon the approach that is deemed to be the most reliable.

CRITICAL ASSUMPTIONS

The value estimate in this report is subject to the following critical disclosures in addition to the standard Assumptions and Limiting Conditions located at the end of this report.

STANDARDS

This appraisal report has been prepared in accordance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), the Uniform Standards of Professional Appraisal Practice (USPAP), additional standards applicable to federally related transactions, and any additional standards and conditions required for appraisals as may be required by the client.

PERSONAL PROPERTY/EQUIPMENT

Personal property/equipment will not be valued within this appraisal report.

SEPARATE PARCEL

This appraisal is based on the hypothetical assumption that the excess land area is available for sale as a separate lot and is provided street access

HAZARDOUS SUBSTANCES

This appraisal is predicated on the assumption that hazardous substances do not exist at the subject property. The appraiser, however, is not qualified to detect such substances, including the existence of urea-formaldehyde insulation, radon gas, foam and asbestos insulation, lead paint, or other potentially hazardous materials that may have an effect on the value of the property. Additionally, no soil survey has been furnished, and it is assumed that no surface or subsurface contaminants are present. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

DEFINITIONS

MARKET VALUE -- Market value is defined by the Federal Deposit Insurance Corporation Final Rule on Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, effective September 19, 1990. This definition is recorded in the Code of Federal Regulations in 12 CFR Part 323 as follows:

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

MOST PROBABLE SELLING PRICE* -- The price at which a property would most probably sell if exposed on the market for a reasonable time under the market conditions prevailing on the date of the appraisal.

ESTIMATED EXPOSURE TIME -- Market value conclusions within the report recognize the characteristics of the subject real estate and consider the current economic environment and its effect on real property. Based upon interviews with market participants and market information obtained for properties considered similar to the subject, it is the appraiser's opinion that an exposure period of six months to one year is considered reasonable for time on the market prior to the sale of the subject property at the value estimated within this report.

DIRECT CAPITALIZATION* -- 1) A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor. 2) A capitalization technique that employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered. Yield and value change are implied, but not identified.

FEE SIMPLE ESTATE* -- Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

LEASED FEE INTEREST* -- An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.

DEFINITIONS

SELF-CONTAINED APPRAISAL REPORT* - A written appraisal report prepared under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP, 2002 ed.). A self-contained appraisal report sets forth the data considered, the appraisal procedures followed, and the reasoning employed in the appraisal, addressing each item in the depth and detail required by its significance to the appraisal and providing sufficient information so that the client and the users of the report will understand the appraisal and not be misled or confused.

NOTE: This may report either a Complete Appraisal (no departure) or a Limited Appraisal (with departure). It contains to the fullest extent possible and practical explanations of the data, reasoning, and analyses that were used to develop the opinion of value. It also includes thorough descriptions of the subject property, the property's locale, the market for the property type, and the appraiser's opinion of highest and best use.

* Source: The Dictionary of Real Estate Appraisal, Fourth Edition, 2002, Appraisal Institute

COMPLETE APPRAISAL - The act or process of developing an opinion of value or an opinion of value developed without invoking the DEPARTURE RULE. (Uniform Standards of Professional Appraisal Practice, 2005 Edition, Definitions section, effective January 1, 2005).

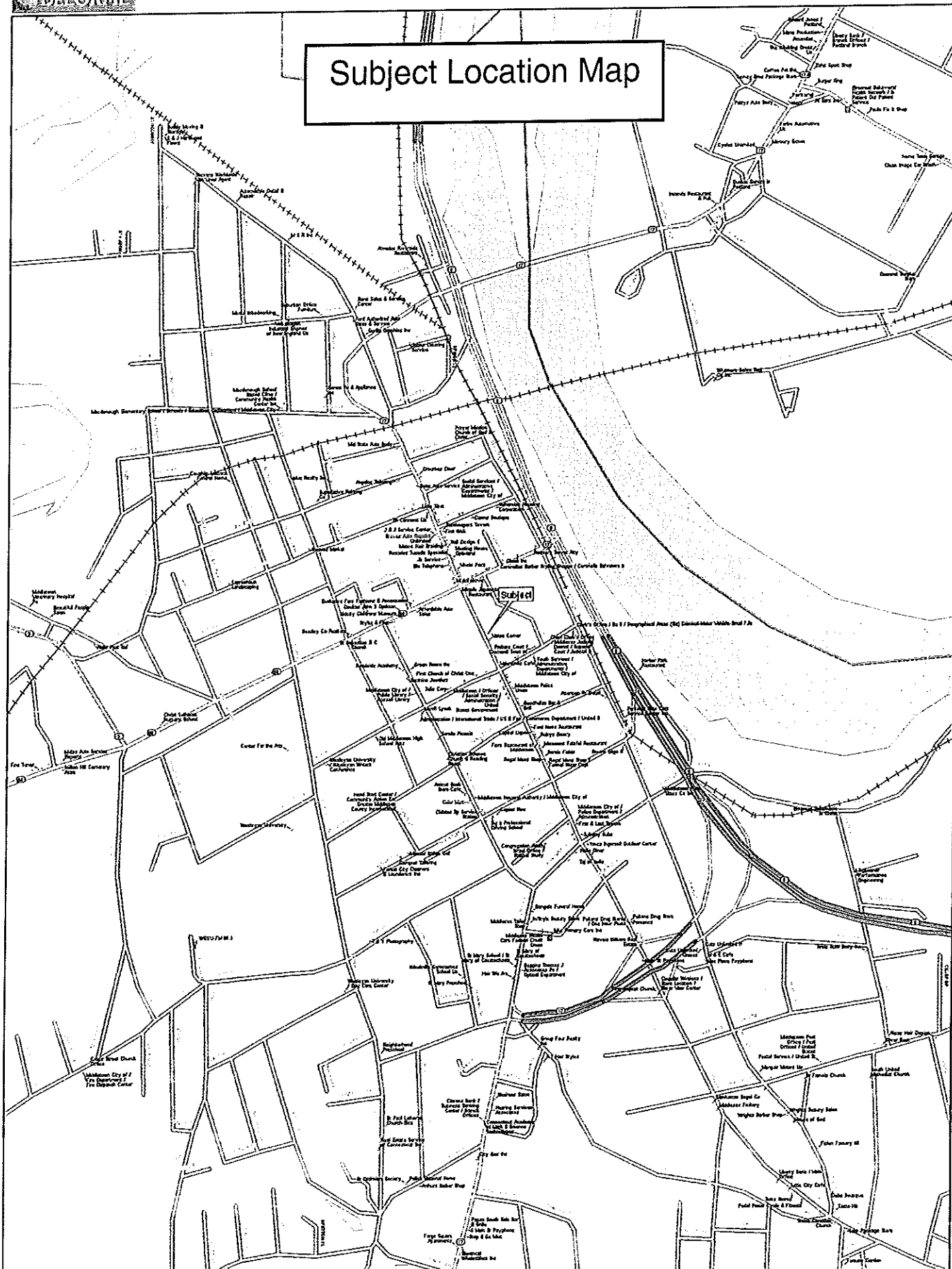
NOTE: To develop this type of appraisal, the appraiser will use all applicable approaches to value and the value conclusion will reflect all known information about the subject property, market conditions, and available data.

MARKET AREA

The city of Middletown is situated in the northwest section of Middlesex County and abuts the southern border of Hartford County and the eastern boundary of New Haven County. Middletown is bordered by the towns of Berlin and Cromwell to the north, the city of Meriden and Middlefield to the west, and the towns of Durham and Haddam to the south. The Connecticut River forms the eastern boundary of Middletown.

According to 2000 U.S. Census Bureau figures, the population within Middletown remained relatively stable over the previous decade with the overall population increasing from 42,762 persons in 1990 to 43,167 persons in 2000. Additionally, demographic data provided by Claritas, Inc. indicates that the population has continued to increase by 3.93% over the past four years to an estimated level of 44,776 persons as of 2004 with this trend projected to continue over the next five years (estimated at approximately 5% of a population level of 47,017 persons by 2009). This population increase is considered a positive attribute when compared to other urban municipalities in the state that actually reported declines in population during the same time period. Middletown's population comprises approximately one-half of the population for the surrounding market area and is the hub of the Mid-State Regional Planning Area. This population growth, in conjunction with a low median age for the city of Middletown, is directly related to an increase of younger families and the increase in residential developments completed within the city over the past decade.

Subject Location Map



MARKET AREA

Middletown provides a variety of employment opportunities including, but not limited to, financial services, manufacturing, agriculture, and government agencies. Connecticut labor force data for March 2005 indicated that the City of Middletown had a total labor force of 24,692 persons of which 1,206 persons, or 4.9% of the labor force, are unemployed. This unemployment rate is generally similar to the rates reported for the Hartford labor market area (4.5%) and the state of Connecticut (5.0%, not seasonally adjusted) during the same period. Major employers within the city include United Technologies (Pratt and Whitney), Aetna/US Healthcare, Connecticut Light and Power, and Middlesex Memorial Hospital.

Demographic data provided by Claritas, Inc. indicates that Middletown has an estimated 2004 per capita income of \$29,287. Although the per capita income for the city is continuing to increase, it remains lower than the per capita income levels for Middlesex County (\$31,630) and the state of Connecticut (\$32,317).

Transportation to and from the city of Middletown is considered good. Interstate Route 91, a major north-south thoroughfare through the state of Connecticut and the region, traverses the western portion of the city and provides direct access to the city of Hartford to the north and the city of New Haven to the south. Connecticut Route 9, a limited-access four-lane highway, traverses the city along its eastern portion (adjacent to the Middletown CBD) and provides access to the city of Hartford via Interstate Route 91 to the north and the shoreline/Interstate Route 95 to the south. Additionally, Connecticut Route 66, a major east-west thoroughfare through the state, traverses the center of the city of Middletown. In addition to these roadways, several additional Connecticut routes also provide access throughout the town. The city is also serviced by local and regional public bus transportation as well as freight rail service.

The city of Middletown is a well-located municipality in the central portion of the state. The city is provided good access to transportation systems and has experienced a stabilization of population, employment, and income levels over the past several years. Overall, the city is provided with an adequate mix of commercial and residential properties.

The subject property is located within the central business district of the city of Middletown. The property is situated between Main Street and Melilli Plaza. The subject neighborhood is defined as the area bounded by Washington Street (CT Route 66) to the north, the Connecticut River to the east, Union Street to the south and High Street to the west.

The subject neighborhood is improved with a variety of commercial and residential properties. Commercial properties within the subject neighborhood include a variety of single tenant and multi-tenant office buildings ranging from Class A to Class C space, financial institutions, restaurants, and retail stores. The most predominant retail properties in the neighborhood are located along Main Street and are located within mixed use properties that include a variety of office space and/or apartment units over street level retail uses. Notable properties within the subject neighborhood include the Connecticut Superior Court Building, Middletown municipal offices, The Russell Library (Middletown Public Library), the Middlesex Mutual Assurance Company, and Wesleyan University, which occupies and owns numerous properties in the western portion of the subject neighborhood.

MARKET AREA

One of the largest commercial properties within the subject neighborhood is The Main Street Shops at 386 Main Street. This mixed use office/retail property contains approximately 73,964 square feet of gross building area and includes street level (primarily first floor) retail space that is occupied by a variety of retail stores and services as well as two restaurants. It is important to note that a majority of the retail space is located within an interior mall type setting with only six of the 15 retail tenancies (including one basement and two second floor tenancies) being provided with exterior visibility and/or access from Main Street or Melilli Plaza. The remaining portions of the building (including the rear portion of Floors 2 and 3 as well as the entire floor plates of Floors 4 through 6) consist of upper level office space that is provided with elevator access.

Over the past several years (subsequent to 1995), redevelopment of various commercial properties within the CBD has been successful. Most brokers in the area reported that there has been resurgence in the demand for main level commercial retail space within the Middletown CBD. This includes interest by national/regional franchises as well as local merchants for a variety of uses, including a large number of new restaurants. In addition to these prospective users, a large property owner in the Middletown CBD (Wesleyan University) has also been supporting renewed interest in the CBD.

The former Sears and Roebuck building located at the corner of Main Street and College Street (adjacent to the subject) was demolished within the past decade for construction of a new police station. The police station contains approximately 7,200 square feet of retail space on the first floor that continues to be occupied a regional restaurant tenant (First and Last Tavern). This type of redevelopment is consistent with the resurgence of demand by commercial restaurant and retail tenants for presence within the CBD.

Most commercial properties in the area cater to a variety of national and local tenants. Metro Square, another large commercial property, is a multi-building, multi-tenant retail plaza that contains approximately 94,000 square feet. The Destinta Theater, a 12 screen movie theater, is situated within Metro Square and provides an anchor for the property and the subject area. The presence of the theater is partially credited for on-going resurgence of restaurants in the area over the past few years. Additionally, renovations to the remaining portions of the center, including a new façade and canopy along the Main Street frontage are nearing completion.

Riverview Center, a two story, mixed use office/retail property that has undergone significant renovations over the past five years, has also contributed to the revitalization of the area and houses one of the newest restaurants in the CBD (Amici's Italian Grill). This elevator-serviced property, referred to as 100 Main Street (at the corner of Court Street) has also attracted credit tenants such as Cingular Wireless, Middlesex United Way, Middlesex Dialysis Center, American Express Financial Services and Primerica.

MARKET AREA

Another elevator-serviced, mixed use office/retail property within the Middletown CBD is located at the southwest intersection of Main Street and College Street. This property, known as Middlesex Plaza, contains approximately 41,000 square feet of retail and office space and includes restaurant tenancies such as Tuscany Grill and Thai Gardens as well as other retail store and service tenancies. The upper floors of the building are typically leased as professional office space. Mr. Thomas Ford of the Midfield Corporation (the property manager) reported that the property currently has an occupancy rate of 100% as a single retail space (formerly occupied by Manhattan Bagels) was leased during the third quarter of Calendar Year 2002 by a tenant that opened a similar style bagel store/deli (Brew Baker's) during the first quarter of Calendar Year 2003.

Most of the remaining mixed use office/retail properties within the immediate subject neighborhood consist of older, walk-up style buildings that do not provide the same level of access/functional utility as the properties previously summarized including Main Street Shops, Riverview Center or Middlesex Plaza. Most of these buildings have continued to have success in the leasing of street level retail space but have continued to experience some difficulties in leasing upper floor office space due to a number of factors, including but not limited to, the age/condition and functional utility of the space, the lack of elevator access and/or the lack of on-site or nearby parking.

The subject is well located within the central business district and is situated within the central block of Main Street (between Washington Street and Court Street) and Melilli Plaza in proximity to the newly constructed police station, offices/branches of numerous regional financial institutions, municipal office buildings and similar mixed-use retail/office properties. Additionally, a new inn and conference center that was constructed over the past two years in the southern portion of the Middletown CBD is expected to assist in bringing additional patrons to the area. This type of redevelopment has enhanced the overall image and demand for space within the Middletown CBD over the past several years.

Curb side parking as well as alternative municipal and private surface parking lots/parking garages are also located within the area. Additionally, a large municipal parking area is located to the rear of the buildings on the east side of Main Street along Mellili Plaza. This parking area has been enhanced during the second quarter of Calendar Year 2003 with the creation of an additional 90 space parking lot on an adjacent site that previously house a former state courthouse building along DeKoven Drive. This parcel was proposed as a potential future site of the new Goodspeed Opera but discussions with the theatre have halted due to a lack of state funding required by the City for the project.

Conclusion

In conclusion, the subject is well located within the Middletown central business district. The area has experienced a resurgence (particularly street level retail uses) that has been further enhanced by the renovation and lease-up of Metro Square and Riverview Center within the past several years. The subject neighborhood is provided good access to transportation systems and is located in proximity to Wesleyan University and a variety of commercial properties along Main Street

ZONING

The subject property is situated in the B-1, Central Business Zone. Permitted uses in this zone include: eating and drinking places; entertainment; restaurants; retail business; retail sales; retail services; theaters; banks, saving and loan companies, finance companies, and similar services; commercial studies and art studios; commercial parking lots; hotels and inns; mortuaries or funeral homes; newspaper and job printing; non-commercial, churches and other places of worship; housing for elderly or handicapped within 1000 feet of public transportation and shopping; professional and business offices and office buildings; public building; physical fitness centers; service establishments; manufacturing and distribution; and medical and dental offices.

Uses permitted by Special Exception include: philanthropic institutions; general retail use not expressly prohibited; public utility structures; taxi cab stand; adaptive residence use for structures currently or recently occupied by non-conforming use; natural resource extraction; alcoholic liquor package store; bus stop passenger shelters; adaptive historic preservation use harmonious with the physical characteristics and originally designed use of the structure; banking facilities with drive-up windows; child care facilities; recreation, and medical and dental clinics.

The following are the yard and bulk requirements in this zoning district:

Item	Requirement
Minimum Lot Area	No minimum
Minimum Frontage	No minimum
Maximum Setback	5 feet from Main Street
Maximum Building Height	168 feet, or twelve stories
Minimum Building Height	28 feet, or two stories
Minimum Parking Required	No minimum

After referencing the yard and bulk requirements, it would appear that the subject does conform to current requirements. However, the city has declared the rear theater section (7,854 square feet) to be a blighted structure which requires immediate remedy.

ASSESSMENT AND TAX DATA

All towns and cities within the State of Connecticut require property owners to pay ad valorem taxes each year based upon the value of real estate, motor vehicles, and personal property. Property owners within a community are required to pay taxes as of the ownership of property on October 1 of the prior year. Middletown underwent revaluation as of the October 1, 2002 Grand List. The following is the Grand List October 1, 2004 assessment and resulting tax burden for the subject property.

A portion of Map/Block/Lot	22/17-52/10
Land	\$86,100
Buildings	<u>\$59,590</u>
100% Assessment	\$145,690
70% Assessment (Rounded)	\$101,980
Tax Rate	29.8 mills
District 1 Tax Rate	<u>5.9 mills</u>
Total Tax Rate	35.7 mills
Tax Burden	\$3,641

The Assessor indicated the assessment is based on the Income Capitalization Approach and that the rear theater building is not provided a value estimate due to the condition of the property. The District 1 tax rate is an estimate provided by the assessor's office and has not been approved. The tax collector indicates that the real estate taxes are overdue in the amount of \$181.46.

SITE DESCRIPTION

Reference	A portion of Tax Assessor Map 22, block 17-52, lot 10
Source of Data	Tax assessor's records and an exterior inspection
Land Area	A portion of 0.375 acre; the land area appraised within this report consists of 0.24 acre or 10,500 square feet.
Frontage	None
Topography/Shape	Level/Irregular
Access	Assumed adequate
Landscaping	None
Other	The subject benefits from storm sewers, concrete sidewalks and curbing, exterior lighting and related improvements.
Easements/Restrictions	The overall property has a 5' right of way on the extreme easterly side of land of the Pythian Building Corporation. 10' right of way in favor of the land north of the subject property running easterly from Main Street a distance of 122.85'.

SITE DESCRIPTION

Inland Wetlands/ Watercourses	A review of the official wetlands and watercourses map indicates that the subject is not impacted by wetlands.
Flood Zone	Federal Emergency Management Agency Flood Hazards Map Community panel: 090068 0006C Effective date: March 7, 2001 Zone X, areas of minimal flooding
Utilities	Sanitary Sewer, Municipal Water, Natural Gas, Electricity, Telephone
Conclusion	The subject is situated in a neighborhood of commercial properties and is provided average access and visibility.

BUILDING DESCRIPTION

Source of Building Data	Tax Assessor Records and exterior inspection; description based on total property improvements
Sketch	Included on the tax assessor card contained within the Addenda of this report as Exhibit B
Use	Retail/Dormitory per Assessor with vacant theater
Buildings/Stories	1/2 over basement
Construction Date	Circa 1900
Total Building Area	A portion of 12,930 square feet which equates to 7,854 square feet for vacant theater
Comments	The use is based on the city Assessor's field card.
Foundation	Brick/Stone
Floors	Wood joist
Exterior Walls	Masonry with brick exterior
Roof	Flat
Layout/Finish	The interior was unavailable for inspection

BUILDING DESCRIPTION

HVAC	Unknown
Electric	Unknown
Elevator	None
Condition	The property is in fair to poor condition.

CONCLUSION

The subject property consists of a theater building located in a commercial zone and within the central business district. The city Assessor reports the property to be in poor physical condition. The building department does not have any permits on file for the subject property. Given consideration to the town records and the appraisers' limited inspection, the structure is considered to be in fair to poor condition.

HIGHEST AND BEST USE

Highest and best use is defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

Source: The Dictionary of Real Estate Appraisal
Fourth Edition, 2002; Appraisal Institute

Real estate is valued in accordance with its highest and best use. Proper analysis of highest and best use of the subject property includes estimating the highest and best use of the subject site as though vacant and available to be developed to its highest and best use and of the site as improved.

The purpose of estimating the highest and best use of a site is to identify the use that causes the land to have the greatest value. The highest and best use of the site as though vacant identifies a separate land value and identifies comparable properties. Likewise, determination of the highest and best use of a property as improved helps to identify the use of the property that is expected to produce the maximum overall return and to help in identifying comparable improved properties.

HIGHEST AND BEST USE

In estimating the highest and best use of the site as though vacant and as improved, the following four criteria must be addressed:

Legally Permissible: Legally permissible uses include those uses that may be legally permitted on the site. Private deed restrictions, zoning constraints, building codes, environmental and governmental regulations, historical district controls, and other related factors must be given consideration. It is probable that any one of these factors may preclude a potential highest and best use conclusion.

Physically Possible: Consideration of physically possible uses includes the analysis of those uses for which the site is physically suited. Relevant characteristics in determining the highest and best use of the site as though vacant include size, shape, road frontage, terrain, area, depth, capacity and availability of utilities, topography and subsoil conditions. The conclusion of the highest and best use of the site as improved also depends on physical characteristics such as size, design, and condition of the structural improvements.

Financially Feasible: These uses include all physically possible and legally permissible uses that are analyzed to determine which will produce an income or return equal to, or greater than, the amount needed to satisfy capital amortization, financial obligations, and operating expenses. If the returns are positive, the uses are considered financially feasible.

Maximally Productive: The financially feasible use that produces the highest value given market parameters is the highest and best use of the property.

SUBJECT PROPERTY AS THOUGH VACANT

The highest and best use of land or a site as though vacant is defined as:

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.

Source: The Dictionary of Real Estate Appraisal
Fourth Edition, 2002; Appraisal Institute

The subject site consists of 0.24 acre or 10,500 square feet. The property is not provided frontage and is assumed within this appraisal report to have street access. Analysis of site characteristics and nearby improvements indicates that the subject could adequately support physical development. The subject site is situated within the B-1 zoning classification. Properties within the neighborhood consist primarily of commercial uses. Based upon an analysis of the preceding information, including demographics, neighborhood trends, zoning regulations, subject site characteristics and other factors, commercial development would be the highest and best use of the site as though vacant. The use would produce the greatest return to the subject land and satisfies the four criteria of highest and best use.

HIGHEST AND BEST USE

SUBJECT PROPERTY AS IMPROVED

The highest and best use of property as improved is defined as:

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

Source: The Dictionary of Real Estate Appraisal
Fourth Edition, 2002; Appraisal Institute

The subject property is improved with a theater building containing 7,854 gross square feet of building area. The improvements were constructed circa 1900 and are considered to be in fair to poor physical condition. The city has recently declared the former theater building as a blighted property and it requires immediate remedy. The owner has estimated the cost to demolish this portion of the building to be \$75,000.

Upon demolition, the parcel would be available for commercial development. Based upon an analysis of the preceding information and giving primary consideration to the existing improvements, demolition of the existing building and commercial development would be the highest and best use of the property as presently improved.

INTRODUCTION TO VALUATION

In the process of estimating the market value of a property, the appraisal problem is defined; the scope of the assignment is developed and the work needed to solve the problem is determined; and the necessary data are gathered, analyzed and used in presenting a value conclusion. The appraiser develops the approaches to value considered applicable, the Cost, Sales Comparison or Income Capitalization. The final step in the valuation process includes reconciling value indications from the applicable approaches. The following is a description of the three approaches to value.

COST APPROACH – A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of, or replacement for, the existing structure; deducting accrued depreciation from the reproduction or replacement cost; and adding the estimated land value plus an entrepreneurial profit. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

SALES COMPARISON APPROACH – A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison. The Sales Comparison Approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when comparable sales data are available.

INTRODUCTION TO VALUATION

INCOME CAPITALIZATION APPROACH – A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefit (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

Source: The Dictionary of Real Estate Appraisal
Third Edition, 1993; Appraisal Institute

The Cost Approach is a reliable indicator of property value when properties are of new or relatively new construction, proposed construction, or for special purpose properties and other properties that are not frequently exchanged in the market. This approach is not developed in the valuation of vacant acreage. The Income Capitalization Approach is a process by which anticipated future benefits (periodic cash flows) and capital appreciation are discounted to a present value estimate. Income-producing real estate is typically purchased as an investment by a speculative investor or partial owner-occupant. This approach is not relevant in the valuation of the subject.

The Sales Comparison Approach includes gathering information pertaining to recent sales of properties considered similar to the subject. These sales are analyzed and compared to the subject with adjustments made for differences between the sale and the subject property. The reliability of the Sales Comparison Approach is affected by the adequacy of reliable sale transactions. The Sales Comparison Approach has been developed within this report in estimating the value of the subject property. The subject market has been fairly active through the date of valuation with a number of comparable transactions. These sales have been researched and, after adjustment, provide a reasonable estimate of market value for the subject property.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the concept that an informed purchaser would pay no more for a property than the cost of acquiring a comparable property with similar utility. Given these parameters, a diligent search has been conducted by the appraiser to uncover sales of properties considered comparable to the subject. The detailed sale data are included within this section of the report.

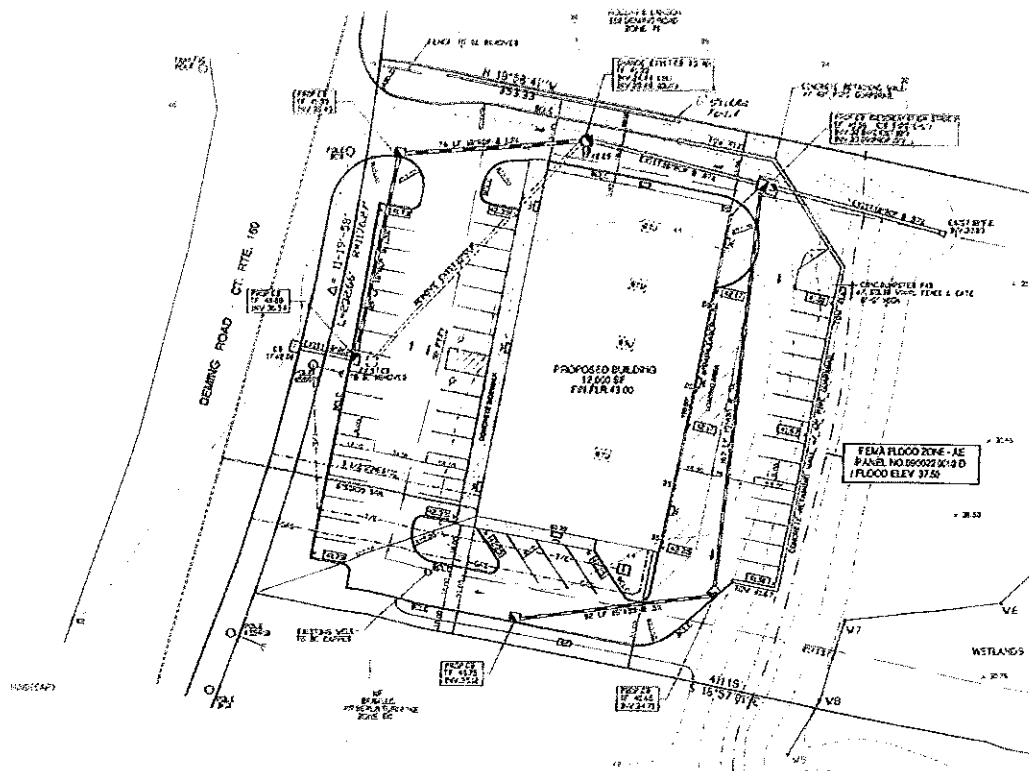
The sale data are compared to the subject, and adjustments are made for either superior or inferior characteristics. The adjustment process includes adjustments for property rights conveyed, financing terms, conditions of sale, market conditions (time), location, and other physical and economic characteristics of the sale properties. The adjusted sale prices reveal a range of value that can be reconciled into a final indication of market value for the subject via this approach.

The primary unit of comparison within this analysis is sale price per square foot of land. This unit of comparison is considered standard in the valuation of properties such as the subject and is considered the norm by market participants.

The following pages contain detailed descriptions of each sale, the analysis of the sale data, and the final indication of market value via the Sales Comparison Approach.

SALES COMPARISON APPROACH

LAND SALE 1



LS Number	1417
Location	544 Deming Road, Berlin, Connecticut
Grantor	James Tighe and Holly Baldyga
Grantee	A&R Magliocco, LLC
Date of Sale	September 20, 2004
Reference	Volume 536, Page 80, Warranty Deed
Sale Price	\$600,000
Verification	Purchaser

Land Data	
Tax Parcel	Map 5-3, Block 127, Lot 1A
Area	1.96 acres
Frontage	Approximately 225 feet along Deming Road
Zone	GC, General Commercial
Utilities	PW, SS, E, T
Topography/Shape	Generally level/Rectangular
Inland/Wetlands	
Watercourses	The rear of the property has frontage along the Mattabasset River and approximately 10% of the site is encumbered by wetland soils.
Access	Via Deming Road
Property Use	Proposed retail

SALES COMPARISON APPROACH

LAND SALE 1

Financing

Mortgagee	NewMill Bank
Principal	\$294,500
Loan to Value	49%
Interest Rate	Prime plus 2%
Maturity Date	September 14, 2005
Comments	Conventional

General Comments

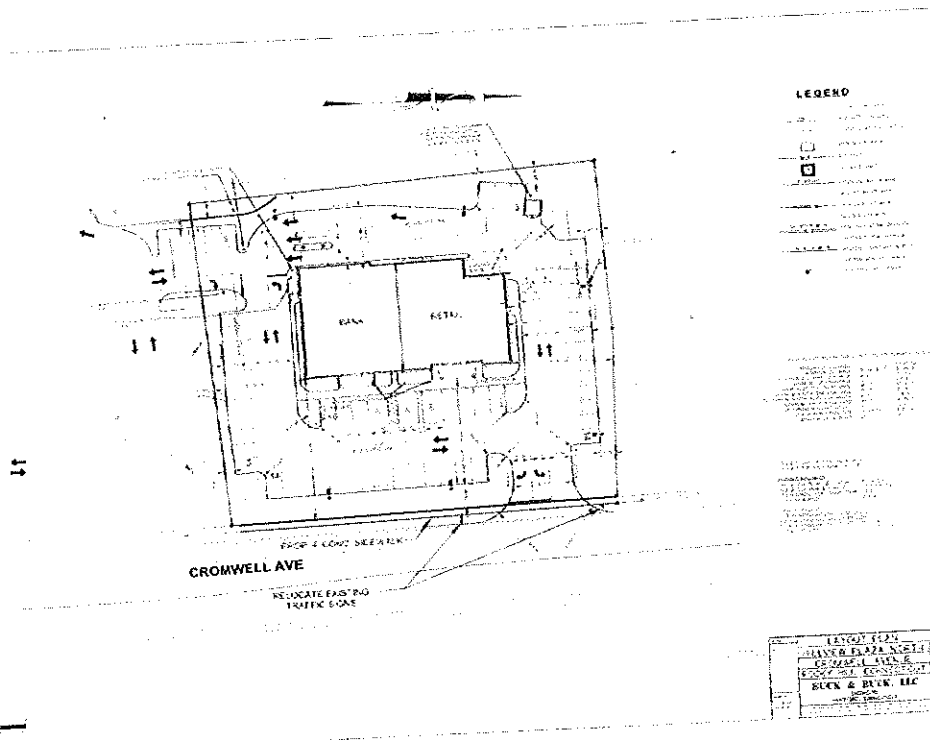
The property was approved on August 12, 2004 for the construction of a 12,000 square foot retail building. The purchaser was responsible for obtaining approvals. The purchaser will occupy approximately half the building with the balance available for lease.

Sale Price/Square Foot of Land

\$7.03

SALES COMPARISON APPROACH

LAND SALE 2



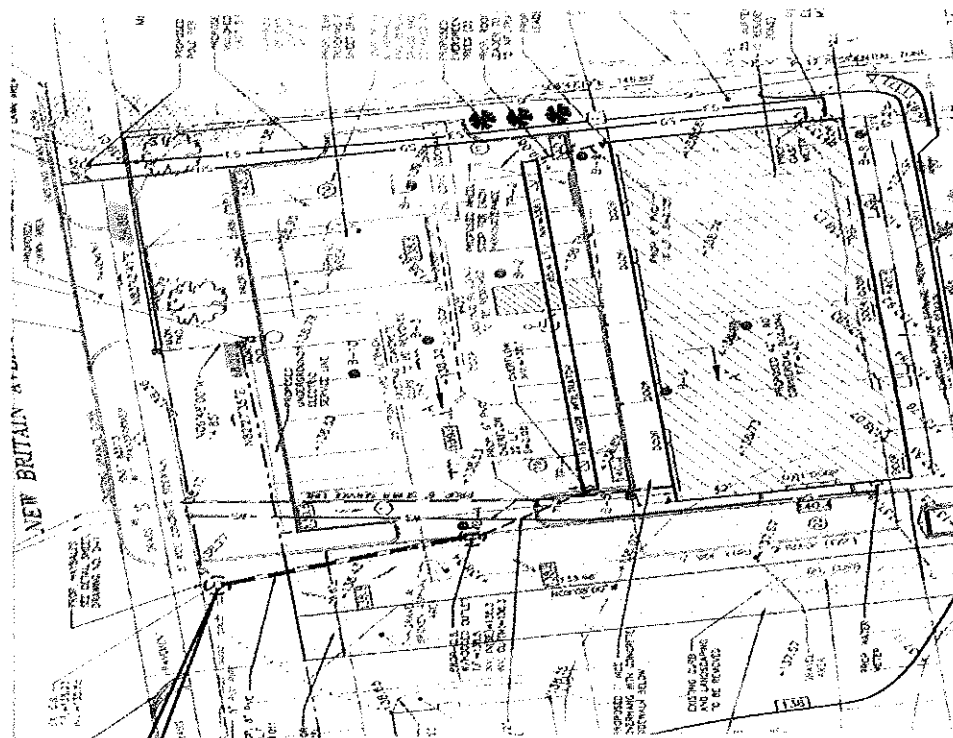
SALES COMPARISON APPROACH

LAND SALE 2

Financing	Construction Mortgage
Mortgagee	Webster Bank, National Association
Principal	\$1,350,800
Loan to Value	292.38%
Amortization	25 years
Interest Rate	Variable
Maturity Date	September 1, 2025
Comments	Interest only payments on a variable interest rate for the first year ending August 31, 2005. Variable interest rate during this period is equal to the sum of the "Eurodollar" rate plus 2.5%. Beginning September 1, 2005 and ending on the maturity date of September 1, 2025, variable interest rate will change on each 5 year anniversary and will equal the 5 year Index Rate plus 1.75%. The Index Rate is the weekly average yield on United States Treasury Securities adjusted to a constant maturity.
General Comments	Site received approvals for an 8,336 SF retail building containing two suites of 4,160 SF and 4,176 SF on June 23, 2004. The purchaser was responsible for obtaining the approvals. The sale was not marketed through a brokerage agency and was negotiated for a number of years with the adjacent property owner. The sale is considered arms length. The buyer received approvals after a 3 month term in what was described as a relatively easy approval process.
Sale Price/Square Foot of Land	\$8.99

SALES COMPARISON APPROACH

LAND SALE 3



LS Number	LS1369
Location	425 New Britain Avenue, Newington, CT
Grantor	Wilbur R. Stoddard
Grantee	Richard P. Rotundo
Date of Sale	January 28, 2004
Reference	Volume 1777, Page 610, Warranty Deed
Sale Price	\$150,000
Verification	Grantee

Land Data	
Tax Parcel	Map 3302 Lot 3
Area	.39 acre, or 17,100 SF (per site plan)
Frontage	123.11' New Britain Avenue
Zone	B
Utilities	PW, SS, E, T, NG
Topography/Shape	Level/rectangular
Wetlands	None
Access	Shared access with 433 New Britain Avenue
Property Use	Single story multi tenant retail building

SALES COMPARISON APPROACH

LAND SALE 3

Financing

Mortgagee	Seller
Principal	\$130,000
Loan to Value	87%
Amortization	10 years
Interest Rate	5%
Monthly Payments	\$1,378.85
Maturity Date	January 28, 2004
Comments	Favorable

General Comments

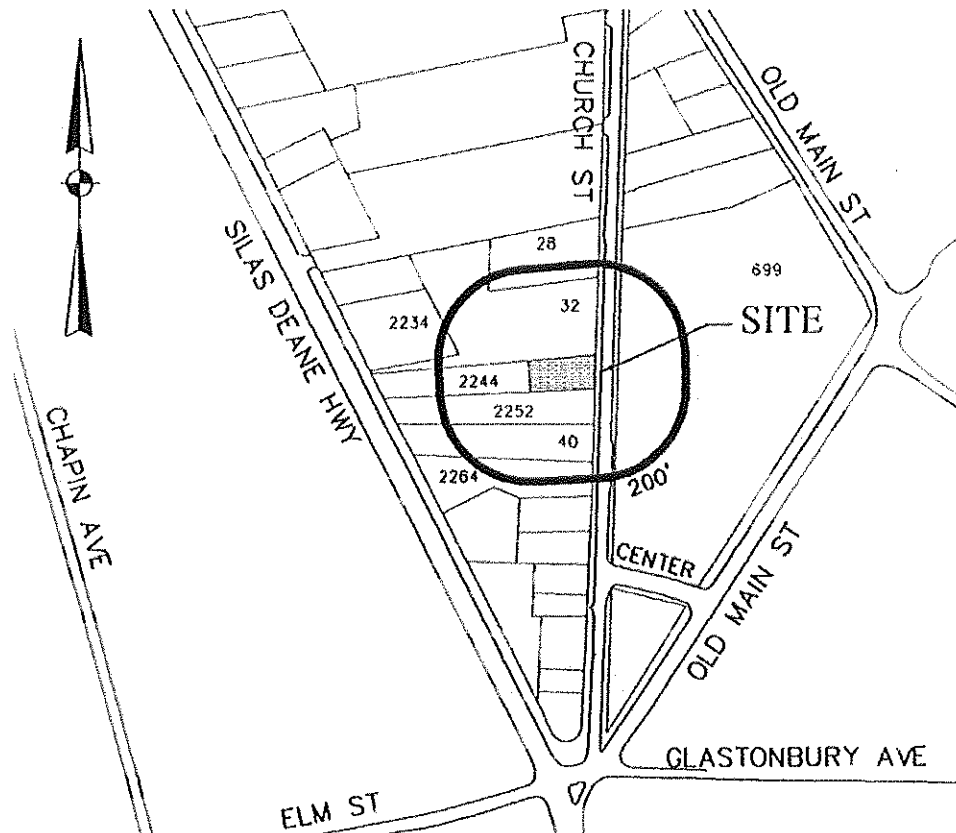
Site received approvals for a 3,780 SF retail building containing 4 suites of 945 SF on 10/22/2003. The site was improved at sale with a garage structure containing 1,288 SF which was subsequently demolished at a cost in the \$5,000 range.

Sale Price/Square Foot of Land

\$8.77

SALES COMPARISON APPROACH

LAND SALE 4



LS Number	1081
Location	Church Street, Rocky Hill, Connecticut
Grantor	Antonio Garafolo, Jr.
Grantee	The Town of Rocky Hill
Date of Sale	January 30, 2002
Reference	Volume 388, Page 109, Warranty Deed
Sale Price	\$60,000
Verification	Grantee (Town Manager)
Land Data	
Tax Parcel	Map 21, Block 6, Lot 7.01 (not yet in effect)
Area	0.24 acres or 10,502 square feet
Frontage	72.29' along Church Street
Zone	NC, Neighborhood commercial
Utilities	PW, SS, E, T, NG
Topography/Shape	Level/ Rectangular
Inland/Wetlands	None noted
Access	Via Church Street
Financing	None recorded.
General Comments	This lot required a use variance for a parking lot in this zone as well as an open-space variance, which reduced the requirement of open space from 25% to 17%. Final approvals were granted February 2002. This parking lot will accommodate 28 spaces for town employees.

Sale Price/Square foot

\$5.71

SALES COMPARISON APPROACH

LAND SALE 5



LS Number	1336
Location	129 Washington, Street, Middletown, Connecticut
Grantor	Phillip Santavenere and Sonia Santavenere
Grantee	Washington Street Restoration, LLC
Date of Sale	November 6, 2000
Reference	Volume 1245, Page 260, Warranty Deed
Sale Price	\$52,300
Verification	Grantee's Attorney (William Howard)
Land Data	
Tax Parcel	Map 22, Block 17-51, Lot 12
Area	.13 acre
Frontage	76' along Washington Street and 68' along Broad Street
Zone	B-1
Utilities	PW, SS, E, T, NG
Topography	Level/Rectangular
Inland/Wetlands	None
Access	Via Washington Street
Property Use	Parking lot
Financing	None recorded
General Comments	The parcel currently can accommodate an estimated 18 parking spaces. The lot is reportedly used by Kid City Museum for parking. The sale was reported to be an arms length transaction and a broker was not involved in the sale.

Sale Price/Square foot

\$9.24

SALES COMPARISON APPROACH

ANALYSIS OF SALE DATA/EXPLANATION OF ADJUSTMENTS

The following analysis summarizes the adjustment process.

Real Property Rights Conveyed

Adjustments for real property rights conveyed consider the difference between properties leased at market rent and those leased either below or above market levels. This adjustment is tempered by remaining lease terms. The fee simple estate of the subject is being valued. An adjustment is not required as Market Sales 1 through 5 were also transferred in the fee simple estate.

Financing Terms

The transaction price of one property may differ from another identical property, given favorable or unfavorable financing arrangements. For example, lower interest rates or higher loan-to-value ratios that are readily available for competing properties may affect the price a willing market participant may pay for a property. An adjustment is not required as Market Sales 1, 2, 4 and 5 were transferred on an all cash basis or with third party financing that did not impact the sale price. Market Sale 3 requires a downward adjustment for favorable financing.

Conditions of Sale

Conditions of sale adjustments typically reflect the motivations of either a buyer or seller. Examples of purchaser sale motivations that would affect a price include assemblage or plottage that would increase the utility of the site for a purchaser. Conversely, a seller who is in a hurry to obtain cash may sell at a discount. In either of the foregoing or similar cases, a sale must be used as a comparable only after extensive verification and analysis. An adjustment is not required as the transfers of Market Sales 1 through 5 consisted of arm's length transactions that did not include any atypical motivations by the parties involved.

Market Conditions

Different market conditions at the time of sale typically require adjustment. Subsequent to the date of sale, values may have either appreciated or depreciated due to inflation/deflation, or investors' perceptions of market conditions may have changed. This adjustment is typically referred to as a time adjustment, although time itself is not the cause of the adjustment. An adjustment is not required for Market Sales 1 through 3 as these sales occurred under similar market conditions. An upward adjustment is required for Market Sales 4 and 5 to reflect the inferior market condition.

Location

Locational adjustments are required typically when the location of a sale property is different from that of the subject. Even properties within the same neighborhood can typically have different locational attributes that are either favorable or unfavorable. The subject is assumed to be provided access. Market Sales 1 through 4 require varying levels of upward adjustments for inferior locations.

SALES COMPARISON APPROACH

Physical Characteristics

Physical differences between the subject and sale comparables are typically adjusted when the differences are considered significant. This adjustment category typically includes differences in topography, zoning, utilities and functional utility.

Topography – This adjustment category involves the condition/topography of the vacant site at the time of sale. The subject has level topography and minimal grading/leveling would be required for development. No adjustments are required.

Zoning – The subject excess land is located in the B-1, Central Business Zone. No adjustments are required.

Utilities – The subject has access to similar utilities as the land sales. No adjustments are required.

Functional Utility – Functional utility adjustments include consideration of irregularly shaped or noncontiguous parcels, nuisances or hazards, environmental considerations, wetlands and various other physical factors associated with each site. Market Sale 1 requires an upward adjustment. The parcel is encumbered by wetlands. Market Sale 3 requires an upward adjustment for the costs of demolition. Market Sale 4 requires an upward adjustment. A portion of the land is to remain open space and is unusable. Market Sale 5 requires a downward adjustment for the superior size of the parcel. No other adjustments are required.

SUMMARY OF ADJUSTMENTS

On the following page is a summary of the adjustment process conducted on the prior pages. This adjustment process provides an indication of the direction and intensity of the adjustments made from the different elements of comparison. Cumulative adjustments reflect a change in the base price after each adjustment. For example, the price per square foot of land is adjusted first for property rights conveyed. The adjusted price is then adjusted for financing terms. This process continues for the remaining cumulative elements of comparison. Quantitative adjustments are estimated separately and summed into a final total adjustment. These adjustments are then extracted from external sources and are compared individually to the subject.

SALES COMPARISON APPROACH

CONCLUSION

After considering the valuation of the subject property via the Sales Comparison Approach, a reasonable market value of the subject property can be determined. The subject property has the following market value estimate:

Then:	10,500 square feet @ \$9.50 per square foot	=	\$ 99,750
Rounded:		=	\$100,000

The subject land is improved with a building containing 7,854 square feet of gross building area. Previous discussions with the property owner, dated January 15, 2004, indicated the estimated cost to demolish the rear building at \$75,000. Mr. Trevor Davis reported the costs have since increased. Mr. William Warner, the Director of Planning, Conservation and Development, indicated the costs to demolish the building range from \$100,000 to \$150,000 for the city. Mr. Warner indicated the city is required to use union labor and bid out the process which adds to the demolition costs.

The comparative-unit method of demolition costs is used through estimates provided by the *Marshall Valuation Services*, a recognized authority in the appraisal field used to estimate the total cost of demolition for the subject building. The final costs do not include dumping fees. The following chart was extracted from the Marshall Valuation Services from Section 66 commencing on page 11.

Building Demolition (Cost range per square foot)	
Class A:	\$3.50-\$5.15
Class B:	\$4.55-\$6.25
Class C:	\$2.80-\$4.15
Class D:	\$2.35-\$3.60

The demolition costs of \$75,000 or \$9.55 per square foot are considered reasonable and are used within this report. The market value of the property is shown as follows:

Unadjusted market value	\$100,000
Less demolition cost	<u>\$75,000</u>
Market Value	\$25,000

Value Estimate via the Sales Comparison Approach
\$25,000

RECONCILIATION AND FINAL VALUE ESTIMATE

Cost Approach.....	Not applicable
Sales Comparison Approach	\$25,000
Income Capitalization Approach	Not applicable

The Cost Approach is a reliable indicator of property value when properties are of new or relatively new construction, proposed construction, or for special purpose properties and other properties that are not frequently exchanged in the market. This approach is not developed in the valuation of vacant acreage. The Income Capitalization Approach is a process by which anticipated future benefits (periodic cash flows) and capital appreciation are discounted to a present value estimate. Income-producing real estate is typically purchased as an investment by a speculative investor or partial owner-occupant. This approach is not relevant in the valuation of the subject.

The Sales Comparison Approach includes gathering information pertaining to recent sales of properties considered similar to the subject. These sales are analyzed and compared to the subject with adjustments made for differences between the sale and the subject property. The reliability of the Sales Comparison Approach is affected by the adequacy of reliable sale transactions. The Sales Comparison Approach has been developed within this report in estimating the value of the subject property. The subject market has been fairly active through the date of valuation with a number of comparable transactions. These sales have been researched and, after adjustment, provide a reasonable estimate of market value for the subject property.

Based upon an investigation and analysis of the information gathered with respect to this assignment, as of May 9, 2005, the subject property is estimated to have a market value of:

TWENTY FIVE THOUSAND DOLLARS
\$25,000

ESTIMATED EXPOSURE TIME

Market value conclusions within the report recognize the characteristics of the subject real estate and consider the current economic environment and its effect on real property. Based upon interviews with market participants and market information obtained for properties considered similar to the subject, it is the appraiser's opinion that an exposure period of six months to one year is considered reasonable for time on the market prior to the sale of the subject property at the value estimated within this report.

CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

1. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
2. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
3. To the best of my knowledge and belief, the statements of fact contained in this appraisal report upon which the analyses, opinions, and conclusions expressed herein are based are true and correct.
4. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
5. This appraisal report sets forth all of the limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analyses, opinions, and conclusions contained in this report.
6. This appraisal report has been made in conformity with and is subject to the requirements of the Uniform Standards of Professional Appraisal Practice as well as the Standards of Professional Appraisal Practice and Code of Professional Ethics of the Appraisal Institute.
7. My opinion of the market value is based upon my independent appraisal and the exercise of my professional judgment without collaboration or direction as to said value. No one other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this report.
8. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
9. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
10. No one provided significant real property appraisal assistance to the person signing this certification, unless indicated.
11. This appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
12. Christopher A. Italia, MAI, and Randall P. Mulligan have made an exterior inspection of the property that is the subject of this report.

CERTIFICATION

Standard Form Restriction Upon Disclosure and Use

Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute, which allow for review of the report by duly authorized representatives of the Appraisal Institute.

Neither all nor any of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or to the MAI or RM designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the undersigned.

Based upon an investigation and analysis of the information gathered with respect to this assignment, reflecting market conditions as of May 9, 2005, the subject property is estimated to have a market value of:

TWENTY FIVE THOUSAND DOLLARS
\$25,000

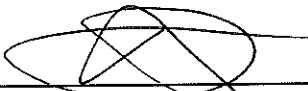
As of the date of this report, Christopher A. Italia, MAI, has completed the requirements of the mandatory continuing education program of the Appraisal Institute.

Respectfully submitted,

Italia and Lemp, Inc.



By: Christopher A. Italia, MAI
Certified General Real Estate Appraiser License Number RCG.303



By: Randall P. Mulligan
Certified General Real Estate Appraiser License Number RCG.1040

ASSUMPTIONS AND LIMITING CONDITIONS

1. No investigation of title to the property has been made, and the premises are assumed to be free and clear of all deeds of trust, (leases), use restrictions and reservations, easements, cases or actions pending, tax liens, bonded indebtedness, unless otherwise specified.

No responsibility for legal matters is assumed. All existing liens and encumbrances have been disregarded, and the property is appraised as though free and clear, unless otherwise specified.

2. The maps and exhibits included in this report are for illustration only to help the reader visualize the property. They should not be considered as surveys or relied upon for any other purpose. No appraiser responsibility is assumed in connection therewith.
3. The appraiser, by reason of this report, is not required to give testimony or be in attendance in any court or before any governmental body with reference to the property in question unless arrangements have been previously made.
4. No engineering survey has been furnished to the appraiser, and no responsibility is assumed for engineering matters, mechanical or structural. Good mechanical and structural condition is assumed to exist unless otherwise noted.
5. No evidence of contamination or hazardous materials used in the construction or maintenance of any improvements was observed on the date of inspection. The appraiser, however, is not qualified to detect such substances, including the existence of urea-formaldehyde, radon gas, foam insulation, asbestos, lead paint, or other potentially hazardous waste material may have an effect on the value of the property.
6. No soil survey has been furnished, and it is assumed that no surface or subsurface contaminants, pollutants, or discharge is present. The appraiser reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, or investigation.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws, unless noncompliance is stated and considered in this report.
8. No soil borings or analyses have been made of the subject. It is assumed that soil conditions are adequate to support standard construction consistent with the highest and best use as stated in this report.
9. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, unless noncompliance is stated and considered in this report.

ASSUMPTIONS AND LIMITING CONDITIONS

10. The individual values estimated for the various components of the subject property are valid only when taken in the context of this report and are invalid if considered individually or as components in connection with any other appraisal.
11. When the Discounted Cash Flow Analysis is used, it is prepared on the basis of information and assumptions stipulated in this report. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon the occurrence of other future events that cannot be assured. Therefore, the actual results achieved may well vary from the projections, and such variations may be material.
12. The date of value expressed in this report is set forth in a letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date that may affect the opinions herein stated.
13. If this report is used within a credit sale-leaseback-type transaction, or as the offering structure of a syndicate or syndication partnership, joint venture, or association, it is to be noted that the value estimate rendered is restricted exclusively to the underlying real property rights defined in this report. No consideration whatsoever is given to the value of any partnership units or interest(s), broker or dealer selling commissions, general partners' acquisition fees, operating deficit reserves, offering expenses, atypical financing, and other similar considerations.
14. The appraiser's value estimate presumes that all benefits, terms and conditions have been disclosed in any lease agreements, and the appraiser has been fully informed of any additional considerations (i.e., front-end cash payments, additional leasehold improvement contributions, space buyback, free rent, equity options).
15. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the author(s), particularly as to valuation conclusions, the identity of the author(s) or firm with which they are connected, or any reference to the Appraisal Institute or to the MAI designation.
16. This appraisal was prepared for the confidential use of the client for the purpose specified and must not be used in any other manner without the written consent of the appraiser. The report and the data herein contained, except that provided by the client, remain the exclusive property of Italia & Lemp, Inc.
17. The Americans with Disabilities Act (ADA) became effective January 26, 1992. A specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA has not been conducted. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since no direct evidence relating to this issue is available, this report does not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

QUALIFICATIONS OF THE APPRAISER

CHRISTOPHER A. ITALIA, MAI

Principal – Italia & Lemp, Inc.

Christopher A. Italia, MAI, is a principal and co-founder of Italia & Lemp, Inc., a multifaceted organization providing professional real estate-related services on a regional basis. Mr. Italia began his appraisal career in 1985 for a New England region, Connecticut-based real estate appraisal firm. Until 1992, he served as a manager of a diversified appraisal staff with a market concentration of Connecticut-based real estate, with a concentration in Hartford and New Haven counties. Appraisal assignments performed include narrative and form appraisals of residential, commercial, office and industrial properties. Consulting activities include marketability, feasibility, highest and best use studies, and tax appeals.

The following is Mr. Italia's licensing information:

<u>State of Connecticut</u>	Certified General Real Estate Appraiser
License No.	RCG.303
Effective Date	May 1, 2005
Expiration Date	April 30, 2006
<u>State of Massachusetts</u>	Certified General Real Estate Appraiser
License No.	3523
Expiration Date	December 25, 2005
<u>State of Rhode Island</u>	Certified General Appraiser
License No.	A00675G
Effective Date	November 10, 2004
Expiration Date	November 9, 2006

Mr. Italia's appraisal background covers a broad spectrum of real property interest and valuations, with the largest single valuation in excess of \$80 million. Mr. Italia's areas of concentration are in the fields of investment analysis, low- and moderate-income housing, investment and cash flow analysis, apartment complexes, retail centers, special-purpose properties, hotel/motels and condominium projects. Mr. Italia is a Member of the Appraisal Institute (Designation No. 9108) and is a licensed real estate broker within the state of Connecticut (License No. 332652). He is currently a member of the Experience Review Committee of the Appraisal Institute. He is currently a member of the Appraisal Commission for the state of Connecticut.

Mr. Italia's has prepared lectures for tax assessor groups and financial institutions relating to apartment, condominiums and office valuation trends and has written articles relating to the valuation of apartment complexes (New England Real Estate Journal).

Mr. Italia has testified as an expert witness in the state of Connecticut and federal court systems and is a 1985 graduate of the University of Connecticut, Storrs, Connecticut, graduating cum laude with a Bachelor of Science, Business Administration degree. Litigation cases include testimony relative to foreclosure, deficiency, judgements, eminent domain, ad valorem and inverse condemnation.

QUALIFICATIONS OF THE APPRAISER

RANDALL P. MULLIGAN

Mr. Mulligan is actively employed by Italia & Lemp, Inc. He is currently licensed as a Provisional Appraiser with the State of Connecticut with over 4,000 experience hours logged. Appraisal assignments have included offices, apartments, condominiums, retail, hotels, bed and breakfasts, restaurants, mixed-use properties and special purpose properties as well as various land types. Activities include: gathering market information pertaining to subject properties, development of sale and rental comparables, analysis of cash flows, and developing market valuations. The following is Mr. Mulligan's licensing information:

<u>State of Connecticut</u>	Certified General Real Estate Appraiser
License No.	RCG.1040
Effective Date	March 30, 2005
Expiration Date	April 30, 2006

Mr. Mulligan interned for the Real Estate Counseling Group of Connecticut under Dr. William Kinnard. Under Dr. Kinnard's direction, Mr. Mulligan worked on the following appraisal assignments; the Alaskan Pipeline, a nuclear power plant, contaminated properties, large warehouse buildings, hotels and research papers. In addition, he performed multi-regression analysis on large data sets to support valuation conclusions.

He is a graduate of the University of Connecticut, with a Bachelor's degree in Business Administration majoring in Real Estate and Urban Economic Studies. In addition, he has a working knowledge of various computer software programs including Microsoft Word, Microsoft Excel, Microsoft PowerPoint, Adobe Photoshop, Commence, and Argus.

ADDENDA

EXHIBIT A
LEGAL DESCRIPTION

EXECUTRIX'S DEED

TO ALL PEOPLE TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

KNOW YE, that I, JANICE M. SARACENO, EXECUTRIX OF THE ESTATE OF NICHOLAS A. SARACENO, late of the Town of Middletown, County of Middlesex and State of Connecticut, and pursuant to the provisions of ARTICLE FOUR, Executor's Powers and Provisions, Section A, of the Last Will and Testament of the said NICHOLAS A. SARACENO, dated September 21, 1989, and in consideration of the sum of One Dollar (\$1.00) and other valuable considerations, received to my full satisfaction of JOSEPH F. SALVATORE, of the Town of Wethersfield, County of Hartford and State of Connecticut, do grant, bargain, sell and confirm unto the said JOSEPH F. SALVATORE, all the right, title, interest, claim and demand which the said NICHOLAS A. SARACENO, had at the time of his decease, or which I, as such Executrix have or ought to have in or two certain pieces or parcels of land, together with the buildings and improvements thereon, situated on the East side of Main Street in said Town of Middletown and known as No. 350-354 Main Street, and bounded and described as follows:

FIRST PARCEL: Beginning at the Northwesterly corner hereof on Main Street, then running Easterly One Hundred Seventeen and Eighty-five One Hundredths (117.85') Feet in a straight line along the Southerly face of the brick building of the Pythian Building Corporation and a projection thereof to a point marked by an iron pipe, then running Northerly Forty-two and Two One Hundredths (42.02') Feet to a point in the North boundary line hereof which is Sixteen (16') Feet East of the Eastern face of the said brick building of the Pythian Building Corporation, then running Easterly One Hundred Fifty-six and Seventy-five One Hundredths (156.75') Feet along the land of The James H. Bunce Company, then running Southerly Sixty-four and Five Tenths (64.5') Feet, more or less, along other land of The James H. Bunce Company to land formerly of James Donovan; then running Westerly One Hundred Forty-two and Seventy-three One Hundredths (142.73') Feet along said land formerly of James Donovan to a point which formed the Southwest corner of a brick barn which formerly stood these premises, then running Northerly along the said land formerly of James Donovan Ten and One-half (10½) Feet, then running Westerly Eighty-five and Sixty-seven One Hundredths (85.67') Feet along the said land formerly of James Donovan to the Northeast corner of land formerly of John W. Jamieson, which corner is Fifteen One Hundredths (.15') of a foot North of the Northeast corner of the brick structure formerly standing upon said Jamieson property; then running Westerly about Forty-nine (49') Feet along the North line of said Jamieson property to Main Street; then running Northerly Thirty-two and Eighty-seven One Hundredths (32.87') Feet along Main Street to the point of beginning.

SECOND PARCEL: A long narrow strip of land lying just Southerly of the first parcel, bounded as follows:

RACZKA & RACZKA
ATTORNEYS AT LAW
343 MAIN STREET
MIDDLETOWN, CONN. 06451
TELEPHONE
(203) 347-3341

Conveyance Tax received, ST. TX \$ 2700.00
Anthony Sbona
Town Clerk of Middletown

Beginning at the Southeasterly corner thereof; then running Northerly along the First Parcel herein described Ten and One-half (10½) Feet; then running Westerly along the said First Parcel about sixty (60') Feet; then running Southerly about Ten and Five Tenths (10.5') Feet by land of Finton Thompson; then running Easterly about Sixty (60') Feet by land formerly of Mary Donovan to the point of beginning.

Together with a right of way over a strip of land Five (5') Feet wide on the extreme Easterly side of land of The Pythian Building Corporation as set forth in Agreement dated May 15, 1925 and recorded in Middletown Land Records, Volume 171, Page 236 and together with a right of way over lands formerly of Mary Donovan, now of Salvatore Adorno and formerly of J. J. Hodgson, now of Sebastian Santacrose as described in deed from J. J. Hodgson to Mary Donovan, dated March 26, 1915 and recorded in the Middletown Land Records, Volume 149, Page 487, and as defined in judgment of the Superior Court in and for the County of Middlesex and recorded in Middletown Land Records, Volume 180, Page 66.

Subject to a right of way Ten (10') feet in width and running Easterly from said Main Street a distance of One Hundred Twenty-two and Eighty-five One Hundredths (122.85') Feet along the described premises just South of the land of the Pythian Building Corporation in favor of the Pythian Building Corporation as set forth in deed dated May 1, 1905 and recorded in Middletown Land Records, Volume 133, Page 527.

Being the same premises conveyed to Nicholas A. Saraceno by The Capitol Theatre Realty Corporation by Quit Claim Deed dated April 9, 1986 in Volume 763, Page 075 of the Middletown Land Records.

As partial consideration for this conveyance, the grantee herein agrees to assume and pay the real estate taxes due the Town of Middletown on the List of October 1, 1991.

TO HAVE AND TO HOLD, the above granted and bargained premises, with the appurtenances thereon, unto him the said grantee, his heirs and administrators forever, to him and his own proper use and behoof. And I, the said Executrix, do hereby covenant with the said grantee, his heirs and assigns, that I have full power and authority as Executrix aforesaid, to grant and convey the above described premises in manner and form aforesaid and for myself and my heirs, executors and administrators, do further covenant to WARRANT AND DEFEND the same to the said grantee, his heirs and assigns, against the claims of any person or persons whomsoever, claiming by, from or under me as Executrix aforesaid.

City of Middletown

PUBLIC WORKS DEPARTMENT / BUILDING DIVISION
245 deKoven Drive, P.O. Box 1360, Middletown, CT 06457-1360
TEL: (860) 344-3446 FAX: (860) 344-3500
TDD: (860) 344-3521

December 12, 2003

Mr. Joseph F. Salvatore
206 Ridge Road
Wethersfield, CT 06157

Dear Joseph F. Salvatore:

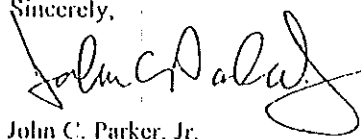
RE: BLIGHTED STRUCTURE, 350 MAIN STREET, FRONT MARQUEE AND REAR

This is a notice of violation and an order to correct the blighted conditions of real property, 350 Main Street, Front Marquee and Rear Portion.

Your property located at 350 Main Street, Front Marquee and Rear Portion, meets the definition of a blighted premise in the City of Middletown in accordance with City Ordinance Chapter 1-10, Blighted Premises. The rear portion of the property has been vacant for an extended period of time, including the Marquee is not being maintained; the property is a fire hazard. You are required to rehabilitate or eliminate the blighting conditions at 350 Main Street, Front Marquee and Rear Portion, on or before January 11, 2004. A copy of this order will be filed with the City/Town Clerk.

In accordance with the ordinance, you may, within 10 days of receipt of this notice of violation, request for revocation of the notice with the Vacant Buildings Relief Board through this office.

Sincerely,



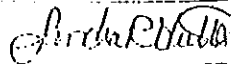
John C. Parker, Jr.
Chief Building Official

JCP/mon

Rec'd for Record

DEC 17 2003

Recorded by



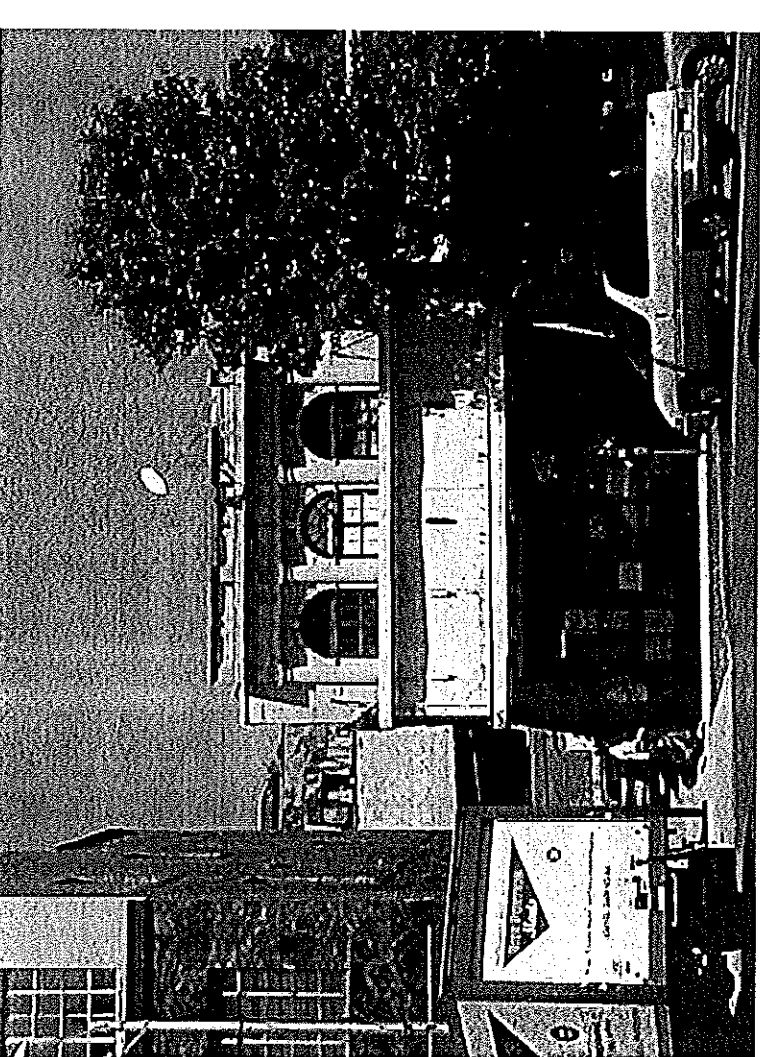
Town Clerk

THE MUNICIPAL BUILDING IS WHEELCHAIR ACCESSIBLE

EXHIBIT B
TAX ASSESSOR CARD

Current Owner		Previous Owner History		Assessment Information	
Name	Date	Name	Date	Appraised Value:	
Salvatore Joseph F				Income:	139,700
206 Ridge Rd				Land:	86,100
Wethersfield Ct 06109				Bldg:	59,590
				Total:	145,690
				Assessed Information:	
				Code: 200	Value: 101,980
				Effective DOV: 10/1/2002	
				Value Flag: COST	
				Manual Override Reason:	NO OVERRIDE

MR 2004 -> 29.2
2003 Fire 5.6
2004 estimated 5.9



Book/Page	Date	Price	Type	Validity

Permit Information			
Date	Permit #	Price	Purpose
07/20/1998	24033	250	Remodel, fix 2nd Floor

Land Information			
Type	Size	Grade	Influence Factor and %
Primary	A	0.53	0 ECON. MISIMP -35
			86,130

Owner/Values: Includes all Land/Buildings/OBYs for this Parcel			
	Current	Cost	Market
Land:	86,100	86,100	0
Building:	59,590	59,590	0
Total:	145,690	145,690	0



2003010011062

GENERAL DATA REAL ESTATE CITY OF MIDDLETOWN

BILL NO: 2003-01-0011062 ORIGINAL OWNER: SALVATORE JOSEPH F
UNIQUE ID: R10395 C/O:
LINK# ADDRESS: 206 RIDGE RD
BANK: ADDRESS2:
DISTRICT: 1 CITY ST ZIP: WETHERSFIELD CT 06109
VOL/PAGE: 969-504 COUNTRY:
EXR PROP LOC.: 350 MAIN ST
LIEN VOL/PAGE: 22 17-52 10 M/B/L:

PROP ASSESSED: 101,980 ELD CODE: 0
EXEMPTIONS: EXEMPT CHANGE:

COC CHANGE: 101,980

*** BILLED ***

	TOWN	FIRE DIST	DOWNTOWN	TOTALS
INST1:	1,427.72	285.55	152.97	1,866.24
INST2:	1,427.72	285.55	152.97	1,866.24
INST3:	0.00	0.00	0.00	0.00
INST4:	0.00	0.00	0.00	0.00
ADJS:	0.00	0.00	0.00	0.00
TOT TAX:	2,855.44	571.10	305.94	3,732.48
TOTAL PAID:	2,855.44	571.10	136.91	3,563.45

*** PAYMENTS ***

TYPE	CYCLE	DATE	ADJ	BATCH	Term	AMOUNT	INTEREST	LIENS	FEES	TOTALS
Pay	7	01/31/2005		379	90	285.55	0.00	0.00	0.00	285.55
Pay	7	01/31/2005		379	90	1,427.72	0.00	0.00	0.00	1,427.72
Pay	7	01/31/2005 P		211	30	136.91	16.06	0.00	0.00	152.97
Pay	1	07/31/2004		347	90	285.55	0.00	0.00	0.00	285.55
Pay	1	07/31/2004		347	90	1,427.72	0.00	0.00	0.00	1,427.72
TOTAL PAYMENTS:							16.06	0.00	0.00	3,579.51

TOTAL BALANCE DUE AS OF 05/11/2005

INT DUE:
LIEN DUE:
FEES DUE:
TAX DUE NOW:
TOT DUE NOW:
BALANCE DUE:

TOWN	FIRE DIST	DOWNTOWN	TOTAL
0.00	0.00	12.43	12.43
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	169.03	169.03
0.00	0.00	181.46	181.46
0.00	0.00	181.46	181.46

*** FLAGS ***

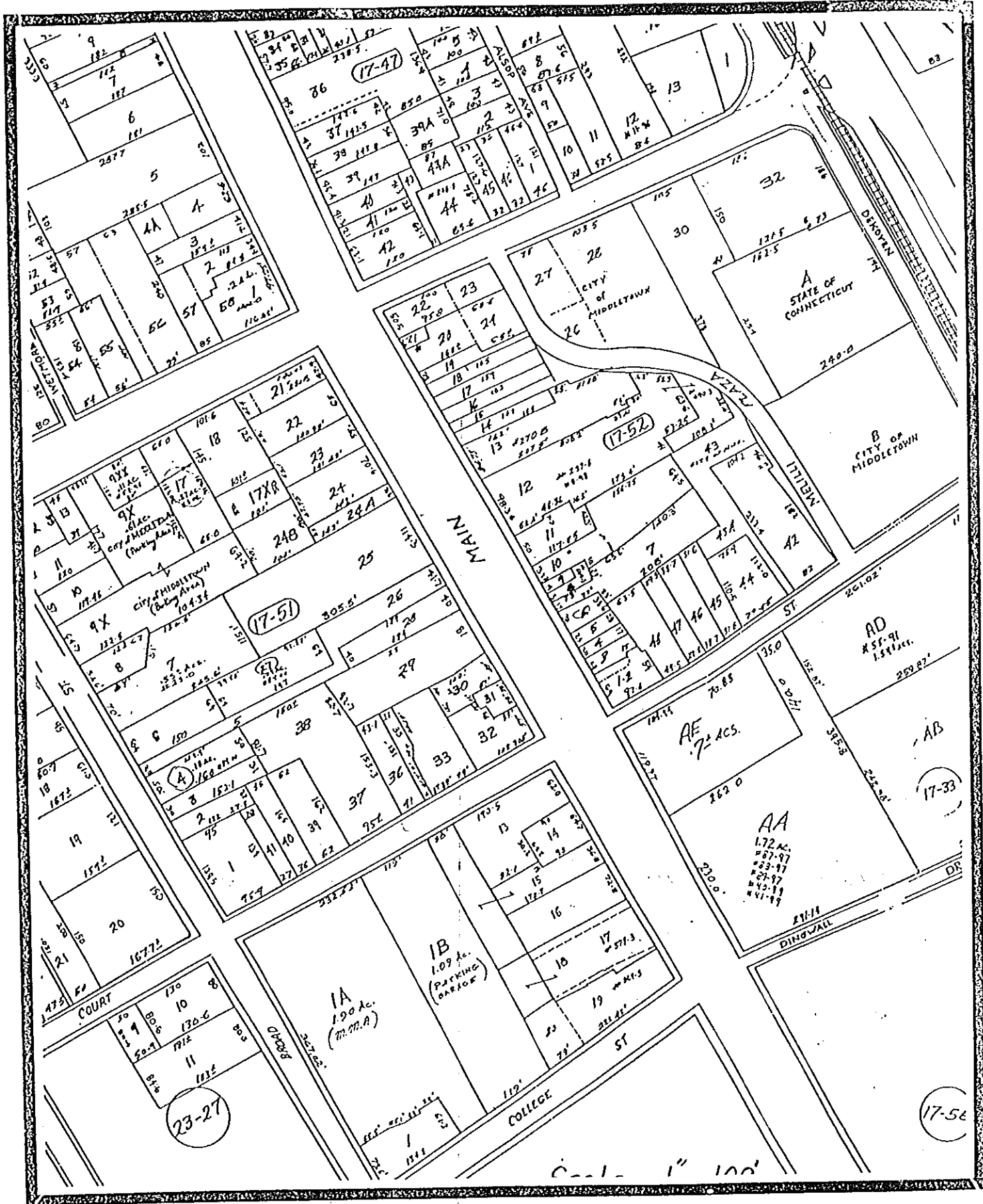
Circuit Breaker Amount: .00
Invalid Address Flag No

Benefit Year:

1998

overdue - fire included
No exemptions

EXHIBIT C
ASSESSOR / FLOOD MAPS



ASSESSOR'S MAP

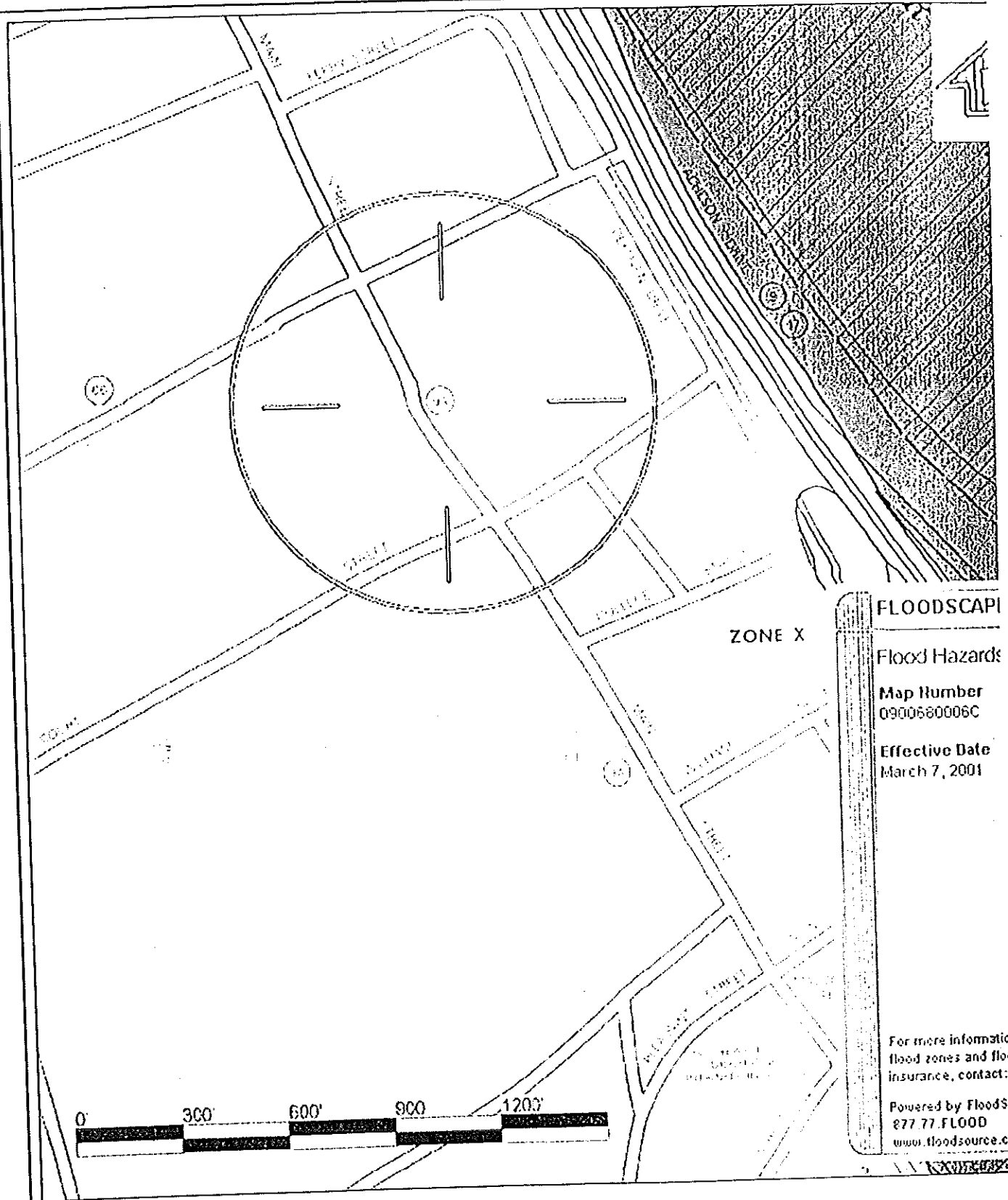
InterFlood



www.interflood.com • 1-800-252-6633

Prepared for:
Italia and Lemp

350 Main St
Middletown, CT 06457-3310



FLOODSCAPE

Flood Hazards

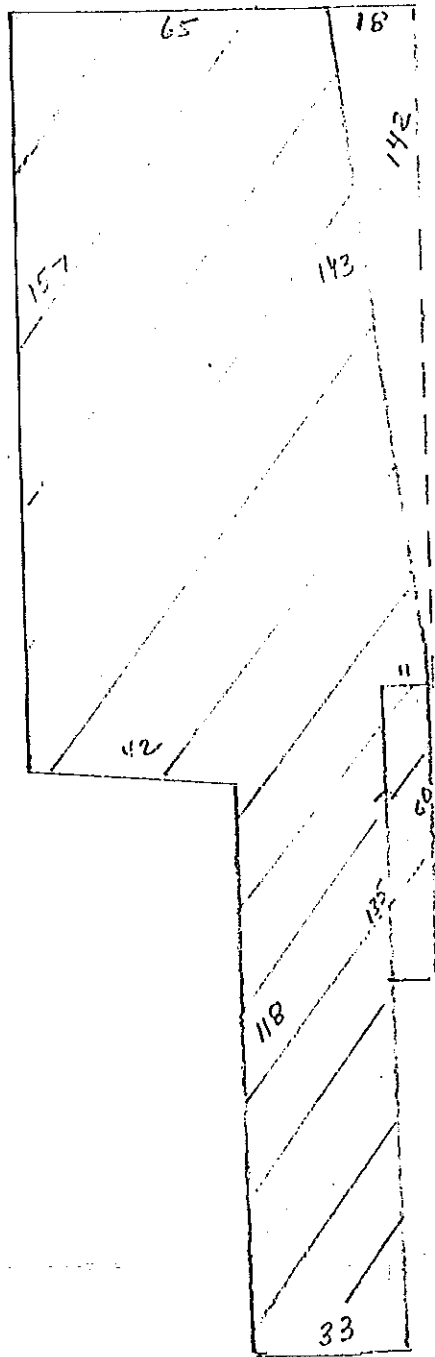
Map Number
0900680006C

Effective Date
March 7, 2001

For more information
flood zones and flood
insurance, contact:

Powered by FloodSt
877.77.FLOOD
www.floodsource.co

EXHIBIT D
APPRAISERS TAX PARCEL SKETCH



AREA

*	23 x 118
+	160 x 83 = 1,278
+	50 x 11
<hr/>	
	16,336 SF

Scale: 1" = 40'

EXHIBIT E

COMPARABLE SALES LOCATION MAPS

EXHIBIT F
APPRAISER LICENSES

STATE OF CONNECTICUT ♦ DEPARTMENT OF CONSUMER PROTECTION

Be it known that

CHRISTOPHER A ITALIA

36 SIDERAKE RD
ROCKY HILL, CT 06067

has been certified by the Department of Consumer Protection as a licensed
CERTIFIED GENERAL REAL ESTATE APPRAISER

License # RCG.0000303

Effective: 05/01/2005

Expiration: 04/30/2006

Edwin R. Rodriguez
Edwin R Rodriguez, Commissioner

STATE OF CONNECTICUT ♦ DEPARTMENT OF CONSUMER PROTECTION

Be it known that

RANDALL PATRICK MULLIGAN

36 LAURELWOOD DRIVE
WALLINGFORD, CT 06492

has been certified by the Department of Consumer Protection as a licensed
CERTIFIED GENERAL REAL ESTATE APPRAISER

License # RCG.0001040

Effective: 03/30/2005

Expiration: 04/30/2006

Edwin R. Rodriguez
Edwin R Rodriguez, Commissioner